

ICPS newsletter®

A concept of humanitarian policy is needed to develop a cultural policy

Today, the future of states and societies primarily depends on good cultural policy. Successful cultural policy should provide answers to such key questions as: how a given society maintains its distinctiveness; how it develops a vision of its own future; how the level of culture ensures the quality of human potential and economic competitiveness; and how culture supports integration into the global community. Since becoming independent, Ukraine has unfortunately not formed a cultural policy that is comprehensible to Ukrainians and supported by them. In a study called "Cultural Policy in Ukraine. Humanitarian Security. Language. Education," the Centre's experts analyzed key issues in cultural policy and offered recommendations for how to formulate cultural policy in Ukraine

Today's challenges call for decisive action

Modern day Ukraine has faced several serious challenges on the cultural front. First, the country does not have a common cultural foundation that would prevent the country and its society from splitting up into conflicting groups. Because of this, Ukraine does not have a sense of a common future for its regions and ethnic groups. This makes it much harder to put together development policy and threatens both national security and the country's integrity.

Second, Ukraine needs to integrate into the global community, which means it needs to be recognized by other countries as an equal partner. For a proper place in the globalized world, Ukraine needs to have cultural potential and to support the right of its citizens to gain cultural skills and receive cultural services that will help them freely integrate into the global community and simultaneously provide the possibility for cultural identification.

Unfortunately, the world sees Ukrainians as merely an ethnic component of culture. Ukrainians deliberately do not include in their heritage the things that would allow them to participate in the process of developing European and global culture.

Cultural policy is not just about art

To respond to these challenges, it is necessary, first of all, to change the soviet approach to culture, which was to treat it as a separate branch of the national economy. ICPS analysts see culture as the norms, patterns or standards of social behavior that are an integral part of the existence and development of all aspects of a country's life. So, cultural policy is the outcome

of the interaction of conflicts and partnerships among all stakeholders in the society, in all spheres of the country's life, in relation to these norms.

Cultural policy is not merely about art, education, language and science, but also about their impact on the economy, security or the understanding of policy. This is why the first step towards developing a cultural policy is to reject the sectoral approach and to establish policy mechanisms, that is, to involve all stakeholders in culture-related decision-making. To develop proper cultural policy, much needs to be done in such areas as language, education and humanitarian security.

What is humanitarian security?

ICPS analysts suggest that Ukraine should start with humanitarian security to formulate cultural policy. The concept of humanitarian security has several dimensions: (1) the security of human physical and mental health; (2) the security of the free self-identification of individuals, social groups and countries; (3) the security of individuals and countries to develop freely and, in general, to choose their own future. The third dimension raises the question of a country's development and the values of its society. At its current stage of development, with democratization still in process, Ukraine needs radical changes in its worldview, education, economics, politics, and government.

In scale, such changes are no less serious for the world that the changes that took place when civilization moved from the Middle Ages to the Renaissance and they have systemic consequences for every aspect of the country's life. This is the transition from the industrial society to knowledge society. Ukraine will either

undergo this transition and take its proper place in the global community or remain in the margins of history. The new history of Ukraine will properly begin when Ukrainians begin to be aware of this transition and decide that they must build their future on the basis of new principles and a new vision.

The specific link between safeguarding humanitarian security and formulating cultural policy should be humanitarian policy. This policy should constitute a systematic, consistent effort on the part of the state in its relations with individual citizens and with its society as a whole.

Humanitarian policy goals:

- to establish the ideology of a single Ukrainian nation built on consolidation and dialog among cultures and religions and a common cultural and historical heritage;
- to support the human resource revolution and opportunities for innovative growth through reforms in education;
- to set up a system of government that can identify and implement a common humanitarian policy in education, culture, science and related areas;
- to support the development of humanitarian issues by establishing the economic basis for humanitarian policy;
- to ensure voter support for government policy and embody the idea of a unified nation by establishing a system of public communication to deal with humanitarian policy issues.

ICPS analysts say that, by fulfilling these objectives, Ukraine will also resolve the problems of a possible split its society, possible demographic decline, and, ultimately, lack of self-identification among Ukrainians. ■

More detailed information about cultural policy in Ukraine can be found in the study called "Cultural Policy in Ukraine: Humanitarian Security. Language. Education" that can be downloaded from the ICPS website. For additional information, contact ICPS Director Volodymyr Nikitin by telephone at (380-44) 484-4444 or via e-mail at vnikitin@icps.kiev.ua.

Consensus forecast: Ukraine's economy should grow 7% in 2007

On 25 October 2007, the Ministry of Economy with the support of the United Nations Development Programme under the Millennium Development Goals project organized the latest quarterly macroeconomic forecasting seminar. ICPS is one of several think-tanks that regularly contribute their forecasts. During this seminar, participating organizations presented macroeconomic forecasts for 2007 and 2008, and medium-term forecasts for 2009–2011.

Based on the results of the first three quarters of 2007, Ukraine's economy is showing a positive dynamic and grew at a rapid pace: real GDP rose 7.3% over January–September 2007.

While the participating economists unanimously upgraded their forecasts for real GDP growth during the last four

seminars, this time, the consensus forecast has remained practically unchanged: 7% against 6.9%. Still, they did upgrade their forecast for nominal GDP to UAH 673.7bn, about 2.2% above the indicator registered at the previous consensus seminar in July.

The consensus forecast economists expect that the average annual exchange rate for 2007 will be UAH 5.05/USD against UAH 5.06/USD forecast in July.

Estimates regarding wage dynamics were significantly upgraded. The average forecast for the average monthly wage in 2007 was UAH 1,322.00, compared to the UAH 1,286.00 forecast in July.

One of the key assumptions of this consensus forecast is accession to the World Trade Organization in 2008. Economists expect Ukraine's accession to the WTO to

affect the development of the food industry, agriculture and steel over 1–3 years after accession. The impact on other sectors will be tangible only in the long term, as the domestic economy is partly restructured. ■

Indicators for this consensus forecast are determined as the average value of all forecasts provided by economists from government, non-government and international organizations participating in the macroeconomic forecasting seminar. More detailed materials from these seminars can be found on the website of the Ministry of Economy at http://www.me.gov.ua/control/uk/publish/category/main?cat_id=73499 (in Ukrainian).

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Consensus forecast for 2007–2008

| Index | 2007 | | Change | 2008 Forecast | Index | 2007 | | Change | 2008 Forecast |
|----------------------------------------------|------------------------------|--------------|--------|------------------|-------------------------------------------------------------------------|-------------------|--------------|--------|------------------|
| | October 2007 | July 2007 | | | | October 2007 | July 2007 | | |
| | Forecast | Forecast | | | | Forecast | Forecast | | |
| Real sector | (mn UAH) | | | | Export volumes | 44.5 | 46.3 | ↓ | 43.3 |
| Nominal GDP | 673,715 | 659,127 | ↑ | 812,519 | Import volumes | 48.7 | 50.3 | ↓ | 48.3 |
| Consumption | 530,187 | 520,014 | ↑ | 640,299 | Revenue balance | -1.5 | -1.7 | ↑ | -1.8 |
| private | 392,728 | 393,188 | ↓ | 469,744 | Official transfers (net) | 2.4 | 2.6 | ↓ | 2.3 |
| public | 125,532 | 124,517 | ↑ | 146,841 | Capital account balance | 5.9 | 4.9 | ↑ | 5.5 |
| Investment | 172,427 | 165,126 | ↑ | 218,609 | FDI | 4.2 | 3.9 | ↑ | 3.7 |
| Gross accumulation of fixed capital | 168,337 | 160,694 | ↑ | 202,956 | Exchange rate | UAH/USD | | | |
| private | 144,936 | 138,464 | ↑ | 177,540 | average | 5.05 | 5.06 | ↓ | 5.06 |
| public | 22,766 | 22,150 | ↑ | 27,967 | YE | 5.05 | 5.07 | ↑ | 5.06 |
| Net exports of goods and non-agency services | -26,793 | -23,744 | ↓ | -37,053 | Public finance | (mn UAH) | | | |
| Gross national savings | 154,094 | 141,645 | ↑ | 192,931 | Total revenues | 220,885 | 218,407 | ↑ | 267,998 |
| Real sector | (index, year-on-year) | | | | Total expenditures | 232814 | 231177 | ↑ | 285,476 |
| Real GDP | 107.0 | 106.9 | ↑ | 106.4 | Overall balance | -11,929 | -12,770 | ↑ | 17,478 |
| Consumption | 109.2 | 108.2 | ↑ | 107.2 | <i>Financing items</i> | | | | |
| private | 111.8 | 110.4 | ↑ | 109.3 | Privatization | 4,052 | 5,291 | ↓ | 8,989 |
| public | 102.6 | 103.4 | ↓ | 102.5 | Public finance | (% of GDP) | | | |
| Investment | 115.6 | 113.4 | ↑ | 112.0 | Total revenues | 32.8 | 33.1 | ↓ | 33 |
| Inflation | (index, year-on-year) | | | | Total expenditures | 34.6 | 35.1 | ↓ | 35.1 |
| GDP Deflator (<i>average annual</i>) | 116.6 | 114.9 | ↑ | 113.2 | Overall balance | -1.8 | -1.9 | ↑ | -2.2 |
| CPI (<i>average annual</i>) | 111.8 | 109.8 | ↑ | 110.9 | <i>Financing items</i> | | | | |
| Dec. on Dec. | 111.6 | 108.6 | ↑ | 109.8 | Privatization | 0.6 | 0.8 | ↓ | 1.1 |
| PPI (<i>average annual</i>) | 118.4 | 116.5 | ↑ | 114.1 | Money and credit | | | | |
| Dec. on Dec. | 118.5 | 115.7 | ↑ | 111.8 | Monetary base, YE | 128,963 | 120,698 | ↑ | 158,284 |
| External sector | (mn USD) | | | | Dec. on Dec., % | 32.7 | 24.2 | ↑ | 22.7 |
| Current account balance | -4,382 | -4,097 | ↓ | -7,219 | Money supply (<i>M3</i>) | 357,866 | 337,996 | ↑ | 456,708 |
| Export volumes | 59,375 | 60,314 | ↓ | 69,467 | Dec. on Dec., % | 37.1 | 29.5 | ↑ | 27.6 |
| Import volumes | 65,018 | 65,503 | ↓ | 77,569 | Average weighted interest rate on commercial hryvnia loans, % <i>pa</i> | 14.2 | 13.9 | ↑ | 13.3 |
| Revenue balance | -1,950 | -2,232 | ↑ | -2,820 | NBU international reserves, <i>mn USD</i> | 29,799 | 23,908 | ↑ | 31,674 |
| Official transfers (net) | 3,212 | 3,324 | ↓ | 3,703 | Social indicators | | | | |
| Capital account balance | 7,907 | 6,403 | ↑ | 8,848 | Population, <i>millions</i> | 46.39 | 46.36 | ↑ | 46.05 |
| FDI | 5,650 | 5,056 | ↑ | 6,002 | Average wage, <i>UAH</i> | 1,322 | 1286 | ↑ | 1,610 |
| External sector | (% of GDP) | | | | Disposable household income, % <i>change over previous year</i> | 11.6 | 11.9 | ↓ | 10.6 |
| Current account balance | -3.3 | -3.1 | ↓ | -4.5 | | | | | |

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